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Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-07 SP-02 CIAE-00 INR-07
NSAE-00 L-03 SIL-01 LAB-04 TRSE-00 CIEP-02 OMB-01
STR-04 ITC-01 /043 W
----------161500Z 059926 /41
R 161311Z JAN 77
FM AMEMBASSY JIDDA
TO SECSTATE WASHDC 6881
INFO AMEMBASSY DAMASCUS
AMCONSUL DHAHRAN
AMEMBASSY KUWAIT

UNCLAS SECTION 1 OF 2 JIDDA 0360

E.O. 11652: NA
TAGS: BEXP, XF
SUBJECT: PROCESS CONTROLS TECHNICAL SALES SEMINAR - OCT. 1977

REF: (A) 76 STATE 274155 (B) STATE 4921

1. INDUSTRY AS PART OF GNP IS ON BOTTOM RUNGS OF BUSINESS HERE. DESPITE AMBITIOUS PLANS IT IS BELIEVED THAT THE DEMAND FOR WIDE-SCALE SOPHISTICATED PROCESS CONTROL INSTRUMENTATION WILL NOT BE IMPLEMENTED UNTIL MID-1980'S. PETROLEUM PRODUCT REFINERIES, CEMENT PLANTS, BRICK AND TILE FACTORIES, CEMENT PIPE PLANTS AND ELECTRICAL ENERGY PRODUCTION, HOWEVER, ARE EXPANDING SOMEWHAT FASTER AND CERTAIN TYPES OF PREOCESS CONTROL INSTRUMENTS WILL BE IN SUFFICIENT DEMAND TO WARRANT A TSS AS A MARKET TESTING EFFORT AND SELECTION OF FORWARD LOOKING AGENTS. IF PARTICIPANTS ARE PREPARED TO VISIT SAUDI ARABIA WITHOUT EXPECTATION OF IMMEDIATE HEAVY SALES VOLUME BUT IN ANTICIPATION OF LONG RANGE PROSPECTS, WE WOULD WELCOME THE SEMINAR VISIT.

2. THE FOLLOWING DATA ARE PROVIDED IN RESPONSE TO THE SPECIFIC QUESTIONS IN REFTEL A.
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A. TIME: EARLY IN OCTOBER OR POSSIBLY THE LAST WEEK OF SEPTEMBER. RAMADAN ENDS ON SEPTEMBER 17, 1977. THE HAJ PERIOD BEGINS ABOUT OCTOBER 25. CITIES TO BE VISITED AND SUGGESTED DATES: DHAHRAN OCTOBER 15 AND 16; JIDDA OCTOBER 17, 18, AND 19.
B. TOPICS/THEMES: LABOR SAVING ADVANTAGES OF PROCESS CONTROLS; UNIFORMITY OF PRODUCT OUTPUT; ASPECTS

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OF ECONOMIC ADVANTAGES IN AVOIDING WASTE BY USE OF INSTRUMENTATION; AND INDUSTRIAL AUTOMATION IN THE SMALLER PLANT.

C. PRODUCTS AND SALEABILITY: GAS ANALYZING EQUIPMENT; OIL AND GAS PIPELINE CONTROL AND SAFETY INSTRUMENTS; NAVIGATIONAL INSTRUMENTS; SEISMOSCOPES; WATER TESTING APPARATUS; AUTOMATIC AIR CLEANER CONTROLS; HUMIDITY CONTROLS; LIQUID LEVEL CONTROLS; PRESSURE REGULATORS; STEAM PRESSURE CONTROLS; COMPUTER INTERFACE EQUIPMENT OOR INDUSTRIAL PROCESS CONTROLS; FLOW INSTRUMENTS INCLUDING METERS; PRESSURE GUAGES; WATER QUALITY MONITORS; ELECTRICAL METERS; ELECTRICAL POWER MEASURING EQUIPMENT; MICROWAVE TEST EQUIMENT; CABLE TESTING APPARATUS; FIRE DETECTOR SYSTEMS; SALINITY INDICATORS; AND AIRCRAFT HYDRAULIC CONTROLS TESTING EQUIPMENT. ALL OF THESE PRODUCTS WILL BE SALEABLE IN VARYING DEGREES. THE MOST SALEABLE WE ESTIMATE WILL BE: ELECTRIC METER SYSTEMS; LIQUID FLOW METERS; PIPELINE CONTROL INSTRUMENTS; WATER TESTING APPARATI; AND TELECOMMUNICATIONS TESTING EQUIPMENT.

D. UP TO THE PRESENT IMPORT AND CONSUMPTION DATA WOULD APPLY TO SOME 6,000 INDUSTRIES WITH AN INDUSTRIAL WORK FORCE OF ABOUT 36,000. POST DATA HAS VERY LITTLE RELEVANCE TO THE FUTURE MARKET POTENTIAL WHICH DEPENDS ON SAUDI PLANS TO CREATE AN INDUSTRIAL BASE TO EXPAND PRESENT WATER, ELECTRICITY AND OTHER PUBLIC UTILITIES ON THE BASIS OF INCREASED AFFLUENCE AND IN LINE WITH THE CURRENT FIVE-YEAR PLAN. IT IS ANTICIPATED THAT MUCH OF THE INDUSTRIAL EQUIPMENT TO BE ACQUIRED WILL BE OF

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U.S. ORIGIN, BUT JAPANESE GOODS HAVE REACHED SECOND RANKING IN SAUDI IMPORTS AND INDUSTRIAL SUPPLIES FROM THAT COMPETITOR ARE CLIMBING. THIS IS AN IMPIRICAL OBSERVATION, HOWEVER, SINCE SAUDI TRADE DATA ARE CURRENT ONLY TO MID-1974. THERE ARE NO EXPORTS NOR PRODUCTION OF SUCH EQUIPMENT.

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E. IMPORT DUTY IS 3 PERCENT ON THIS PRODUCT CATEGORY. PRICING BY MERCHANTS IS GENERALLY WHAT THE MARKET WILL BEAR AND DEPENDS ON THE EXTENT OF COMPETITION. GOVERNMENT PURCHASES ARE GENERALLY BY TENDER AND RESTRICTED TO LOCAL AGENTS. IF THE PRODUCT IS NOT REPRESENTED, GOVERNMENT ENTITIES GENERALLY IMPORT DIRECTLY BY PURCHASE ON L/C SPECIFICATIONS. TRADE RESTRICTIONS COVER ONLY GOODS OF ISRAELI AND RHODESIAN ORIGIN, BUT ALSO APPLIES TO FOREIGN FIRMS WITH INVESTMENT IN ISRAEL. THERE ARE NO CURRENCY RESTRICTIONS.

F. MAJOR FOREIGN COMPETITION. LACK OF ADEQUATE STATISTICS PREVENTS A PRECISE EVALUATION OF COMPETITION BUT WATER METERS AND OTHER SIMILAR INSTRUMENTS HAVE BEEN NOTED FROM GERMANY, AUSTRIA, FRANCE AND ENGLAND. JAPANESE ELECTRONIC DEVICES HAVE BEEN NOTED WITH INCREASING FREQUENCY. U.S. PRODUCTS, HOWEVER, APPEAR TO HAVE DOMINATED THIS SMALL MARKET.

G. NO PROMOTIONAL EVENTS APPEAR TO CONFLICT WITH THE SEMINAR TIMING. HOWEVER, THE EVENT SHOULD BE SCHEDULED IN LIGHT OF INFO IN PARA 2A.

H. THE MAJOR PROJECTS AND DEVELOPMENT PLANS RELATED TO SEMINAR ARE: THE PETROCHEMICAL COMPLEX AT JUBAYL; THE

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ALUMINUM SMELTER AT JUBAYL; THE ANACONDA-ALI REZA JOINT VENTURE FOR MANUFACTURE OF CABLE AT JIDDA; THE OIL REFINERY AT YENBO; THE BRICK, CEMENT PIPE AND TILE FACTORIES ALL OF WHICH HAVE BEEN APPROVED BUT NOT YET BUILT; KELLOG OF HOUSTON, TEXAS HAS CONTRACT TO BUILD MOBIL/PETROMIN LUBE PLANT NEAR JIDDAV THE $10 MILLION PLUS GASIFICATION PROGRAM IN THE EASTERN PROVINCE IS NOW UNDER CONSTRUCTION BY FLUOR; THE $3 TO 4 BILLION JIDDA AIRPORT IS UNDER CONSTRUCTION BY HOCHTIEF OF GERMANY, AND NEW AIRPORTS ARE PLANNED FOR RIYADH AND THE EASTERN PROVINCE TO COST IN THE $BILLION RANGE; THE TWO 800 MILE PIPELINES FROM THE EASTERN PROVINCE TO YENBO ON THE RED

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SEA WILL SOON BEGIN CONSTRUCTION; DESALINATION PLANS CALL FOR EXPENDITURES OF $15-18 BILLION IN NEXT FIVE YEARS; AND ELECTRIFICATION OF 32 VILLAGES IS PLANNED.

I. THE SAUDI INDUSTRIL DEVELOPMENT FUND WILL PROVIDE LOW COST LOANS FOR UP TO 50 PERCENT OF INDUSTRIAL PROJECTS APPROVED BY THE MINISTRY FO INDUSTRY AND ELECTRICITY EVEN WHEN THERE IS 75 PERCENT FOREIGN EQUITY. THE GOVERNMENT HAS ESTABLISHED THE SAUDI BASIC INDUSTRIES COMPANY TO FINANCE PROJECTS WHERE PRIVATE VENTURE CAPITAL IS INSUFFICIENT AND WILL SELL SHARES TO THE PRIVATE SECTOR. THE SBIC IS CAPITALIZED AT SR 10 BILLION OR ABOUT $2.8 BILLION.

J. U.S. FIRMS BASED HERE RELATED TO THE SEMINAR THEME ARE FEW. AMONG THESE ARE BENDIX, COLLINS RADIO (ROCKWELL INTERNATIONAL), GENERAL ELECTRIC COMPANY, ITT, LITTON INDUSTRIES, UNITED TECHNOLOGIES, SWINDELL-DRESSLER, WALTER KIDDE & COMPANY, CHRYSLER INTERNATIONAL, WESTINGHOUSE, L.E. MEYERS INTERNATIONAL, AND TUBOSCOPE, (HOUSTON).

3. RECENT SUBMISSION OF MAJOR PROJECTS LISTED FOR 1976 (JIDDA A-10, 1/12/77) CAN ALSO SERVE AS GUIDE TO MAKE-UP OF TSS.

4. DHAHRAN WELCOME TO COMMENT AND EXPAND ON ABOVE.
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